

DEPARTMENT OF STATE REVENUE

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**LETTER OF FINDINGS NUMBER: 98-0205 AGI
Individual Income Tax
For The Period: 1996**

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ISSUE

I. Individual Income Tax – Adjustment to income.

Authority: IC 6-3-3-1; IC 6-8.1-8-2

Taxpayers protest the additional income tax, collection cost.

STATEMENT OF FACTS

Taxpayers filed Indiana IT-40 returns for several years. On December 3, 1997 the Department issued its AR-80 for additional tax due on the 1996 tax return.

I. Individual Income Tax – Adjustment to income.

DISCUSSION

At issue is whether the taxpayers owe additional tax.

The hearing officer obtained the 1995 and 1996 tax returns and upon reviewing the department's records found that an adjustment for tax withheld was made in 1995.

The hearing officer and taxpayer had several telephone conversations and taxpayer was advised to compare his W-2's with the amount reported on his 1995 return as the department had adjusted that return and refunded the taxpayer \$81.00. Since there was no estimated payment to be applied to the 1996 return, the credit on line 20 was disallowed and the taxpayers billed.

Taxpayer called the hearing officer on May 7, 1998 and stated he inadvertently took credit for federal tax instead of state tax, therefore the department is correct. The balance due is owed the department minus the collection cost and clerk cost assessed in error.

FINDING

Taxpayers' protest is denied in part and sustained in part. The collection cost and clerk cost are removed from the assessment.